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MORE MEN AND WOMEN WEAR BOND CLOTHES THAN ANY OTHER CLOTHES IN AMERICA


# annual report

YEAR ENDED DECEMBER 31, 1953

BOND STORES, INCORPORATED



**BOND STYLE MANOR** . . . The nation's largest and most modern tailoring plant in Rochester, N. Y., known for its superior quality clothing. At Style Manor, thousands of Rochester's most skilled craftsmen apply their deft fingers to the tailoring of Bond Clothes.

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**BOND FIFTH AVENUE** on the world-famous fashion street—six spacious floors devoted to apparel for the entire family. The Bond executive and buying offices occupy the top three floors and penthouse. *(Left)*

**BOND STATE STREET,** on the Chicago thoroughfare which enjoys the respect of all American business people. This Bond store is an outstanding six-story modern apparel center located in the heart of the street of retailing giants. *(Below left)*

**BOND TIMES SQUARE.** This wholly-owned Bond building in the heart of Times Square houses a tremendous clothing store topped by the largest spectacular sign in the world. This Bond Showplace serves customers from all over the United States and almost every part of the globe. *(Below)*



**Bond showplaces are located on the finest shopping avenues in America!**

## OFFICERS

| | |
|---|---|
| Barney Ruben | *Chairman of the Board and President* |
| Irving Cohen | *Vice-President* |
| James W. Connors | *Vice-President* |
| Sylvan N. King | *Vice-President* |
| Irving Moselowitz | *Vice-President* |
| Louis A. Good | *Vice-President* |
| Maurie Sanger | *Vice-President* |
| Louis B. Berman | *Vice-President* |
| William B. Loftus | *Vice-President* |
| Ellis H. Schechtman | *Secretary and Treasurer* |
| Bernard Grossman | *Assistant Secretary* |

## BOARD OF DIRECTORS

Barney Ruben
Irving Cohen
James W. Connors
Sylvan N. King
Irving Moselowitz
Ellis H. Schechtman
Maurie Sanger
Joseph Klingenstein
Hugo Sonnenschein
Louis A. Good

### TRANSFER AGENT

BANK OF THE MANHATTAN COMPANY
40 Wall Street • New York 5, N. Y.

### REGISTRAR

BANKERS TRUST COMPANY
46 Wall Street • New York 5, N. Y.

*This report to stockholders is published solely for the purpose of providing information. It is not part of the proxy soliciting material being sent to stockholders, and is not to be used as such; nor is it a representation, prospectus or circular in respect of any stock or security of any corporation and is not transmitted in connection with any sale, negotiation for the sale, or offer to sell or buy, or to induce the purchase, of any stock or security.*

BOND STORES, INCORPORATED
FIFTH AVENUE AT 35TH STREET
NEW YORK 1, N. Y.

March 26, 1954

Dear Stockholder:

With the approval of the Board of Directors, I am pleased to submit herewith a summary of your Company's Consolidated Operating results for the year ending December 31, 1953. Generally speaking, it is an encouraging report and one that reflects continued progress.

Sales in 1953 broke all previous records and were at an all time high of $86,197,349.36, an increase of $3,433,949.99 over sales for 1952. Your Management attributes this favorable showing to the change of merchandising from one to two-trouser suits. Hence, in 1953, our substantially greater inventory of two-trouser suits enabled us to meet the increased demand for such merchandise.

The greater part of such increase in volume was realized in the first six months of the year when there were more stores in operation than during the second six month period, your Company having closed its Harrisburg, Pennsylvania store as of June 30, 1953, and its Atlanta, Georgia store as of November 30, 1953.

In common with mercantile businesses generally, your Company was affected by constantly increasing costs. In order to maintain its favorable and advantageous competitive position and to increase sales, Management intensified its efforts toward greater economy and improved operating efficiency in all departments — manufacturing, distribution, and sales. Thus, while sales increased 4.1% over the previous year, profits before other income, other deductions, and provision for Federal Income Taxes increased 9.96%. Such profits were $7,093,605.59 compared with $6,451,158.81 for 1952. Net profits after providing for Company contribution to the Bond Stores, Incorporated Employees' Profit Sharing and Retirement Fund, Federal Income Taxes, and other deductions, were $3,092,380.74 compared with $3,065,754.28 for 1952. Such net earnings are equal to $1.83 per share on 1,688,383 shares of Common Stock outstanding at the year end. Net earnings for the prior year were equal to $1.82 per share on the same number of shares outstanding as of December 31, 1952. The ratio of current assets to current liabilities was 4.5 to 1.

Despite such improved performance, your Management was disappointed because it had anticipated and provided for higher sales volume during November and December. Had such sales materialized, profits would have been substantially greater.

The Company's claim for a refund of excess profits taxes under Section 722 of the Internal Revenue Code has been settled. In our 1952 report we advised stockholders of receiptof the proceeds of settlement for the years 1940-41-42 in the amount of $342,098.29 principal, and $75,029.56 interest. These items were reflected in earnings of the second half of that year. Settlement for the years 1943-44-45 was received during the first six month period of this year and reflected in the interim report of June 30, 1953. Such recovery was $530,641.52 principal and $167,050.38 interest. The expense for the total recoveries in both years, as well as a reserve in the amount of $500,000.00 for a non-recurrent contingency, were also reflected in the June 30, 1953 interim report.

After payment during the year of $1,688,383.00 in cash dividends to stockholders, the balance of earnings was added to surplus, thereby creating a book value of $27.34 per share on Common Stock at the year end. As of December 31, 1952, such book value was $26.51 per share.

The parent company continues to have no bank debt and no funded debt and has no present intentions of borrowing.

The Consolidated Balance Sheet on the following pages shows inventory of woolens, trimmings, work in process, and finished goods at almost $3,000,000. more than the prior year. Had sales for November and December 1953 been up to expectations, such inventory would have been somewhat lower but still greater than at the prior year end, because $1,500,000. of such additional inventory was unmanufactured Spring 1954 goods taken in during the latter part of 1953, contrary to our practice in prior years. This was done for two reasons. First, we found that a trend had developed toward earlier purchases for Spring and Summer apparel by the consumer. Therefore, it was important that we ship such merchandise to our stores at an earlier date than in previous years. Second, continuity of work in our factories would be assured.

In 1953 we manufactured practically all two-trouser suits, whereas in 1952 we manufactured a greater percentage of one-trouser suits. Therefore, while there was no appreciable increase in units at the year end 1953 over 1952, our inventory reflected a higher unit cost due to the fact that a substantial part of our December 1953 inventory was two-trouser suits which required additional woolens, trimming yardage, and labor cost.

In March, 1953 we opened a new store in Fresno, California. This was the only additional store opened during the year. I am pleased to report that performance to date is satisfactory. During the same month, a new store was opened in Dayton, Ohio, replacing a store in that city that was closed simultaneously with such opening. Because the new store makes possible a much better display of merchandise and provides improved customer shopping facilities, performance to date reflects a substantial increase over the volume that was transacted during the same period in the prior year in our old store.

In addition, we started and completed modernization of the following stores during the year; Lincoln Avenue, Chicago, Illinois; Fordham Road in New York, and Wilkes-Barre, Pennsylvania.

We also commenced alterations and modernization of our stores in Akron, Ohio; Albany, New York; Birmingham, Alabama; Philadelphia, Pennsylvania; Hartford, Connecticut, and Oak Park, Illinois, all of which are expected to be completed early in 1954.

It is expected that modernization will be started this year on the Company's stores in Baltimore, Maryland; Syracuse and Schenectady, New York, and Columbus, Ohio, as well as possibly two or three others for which renewal leases are currently being negotiated.

Because our present store in Newark, New Jersey, which we have successfully operated since 1922, is inadequate to permit the transaction of the volume of business we feel can and should be done in that city, your Company has just consummated a lease for a new store as a replacement. The new store, which we expect will be ready for occupancy this Fall, is substantially larger and much more advantageously located than our present store. It will be erected in the heart of the prime shopping area in that city and will be built entirely at the expense of the owners.

I am pleased to report that we have also signed a lease for a new store in Minneapolis, Minnesota. This will be an additional store in operation beginning in the late Fall of 1954. The cost for the improvements is to be borne entirely by the landlord.

In addition to the above, your Management is negotiating for and expects shortly to complete leasing arrangements for several additional stores in good shopping centers in various parts of the country.

In accordance with the current Company policy of limiting its capital investments in new stores as well as in modernization of existing stores, expenditures for building and fixturing such stores have been, and we expect that they will continue to be, substantially or entirely borne by the landlords.

Because your Management feels that its physical and financial structure is such that it could transact a much greater volume of business with very little increase in operating overhead, we think it prudent to pursue this policy of obtaining additional stores wherever they can be satisfactorily acquired without large capital investments on the part of the Company.

As I mentioned above, our stores in Harrisburg, Pennsylvania and Atlanta, Georgia, were closed during the year of 1953. The reason for the closing of these two stores was because your Management could not effect satisfactory renewal leases with the owners of these premises. Therefore, as of the year end, there were 83 stores in operation, which is one less than as of the preceding year end.

We are continuing our policy of licensing established, representative retail clothing stores in non-competitive areas to handle Bond Clothes products exclusively. By the time this report reaches you, there will be 20 such stores in operation and there will be two additional stores that will commence operations during the first week in April. We have received numerous requests for Fall consideration. Since acceptance is predicated on our investigation, we cannot at this time tell you how many additional stores there will be before the year end. I am pleased to report that performance in those stores presently in operation is satisfactory, not only to us but also to the agency merchants.

At the Annual Meeting of stockholders which was held in April, 1953, favorable action was taken upon Management's proposal to institute an Employees' Profit Sharing and Retirement Fund Plan. Following the authorization of stockholders, the plan was submitted to and approved by the Treasury Department and was effective as of January 1, 1953. I am pleased to report that eligible employees accepted the plan with great enthusiasm. Management is of the opinion that such profit sharing incentive will reflect in further increased efficiency and interest. The Company's entire contribution for 1953, is $191,194.44 before taxes, and it is felt that this is a very worthwhile investment.

In concluding this report, I should like to make the following statement. In my opinion, the long pent-up demand for housing and related hard goods, as well as for automobiles, has been largely satisfied. Because of this emphasis on hard goods during the past several years, and the recent unseasonable weather, mass buying of wearing apparel has not yet materialized. It is reasonable to expect that when credits incurred for such purchases of hard goods have been substantially liquidated, soft goods will receive a greater share of the consumer dollar expenditures.

When such anticipated increased demand for wearing apparel comes to pass, I am happy to say that your Company will be in a most advantageous position to satisfy such demand because of its well diversified and comprehensive inventory and its ability to offer outstanding values, for which your Company has enjoyed, and intends to continue to maintain, its enviable reputation.

I wish to close this report on a thankful note to our officers and employees, numbering approximately 10,000, for their wholehearted endeavor in making 1953 a most outstanding volume year, and for their assurance that nothing will be left undone to produce in 1954 the greatest volume ever, from which ultimate larger profits should result.

*Respectfully submitted,*

Barney Ruben

President

BOND STORES, INCORPORATED AN

CONSOLIDATED BALANCE SHEET

## ASSETS

| | | | |
|---|---|---|---|
| Current Assets: | | | |
| Cash on hand and in banks | | | $5,953,478.01 |
| Accounts receivable—customers | | $17,173,134.23 | |
| Less: Reserve for doubtful accounts | | 426,341.34 | 16,746,792.89 |
| Miscellaneous accounts receivable | | | 214,750.25 |
| Merchandise inventories—Note A: | | | |
| Woolens, trimmings, etc. | | 3,151,185.12 | |
| Work in process | | 1,481,279.22 | |
| Finished goods | | 16,743,648.02 | 21,376,112.36 |
| Total Current Assets | | | 44,291,133.51 |
| Miscellaneous Other Assets | | | 259,454.42 |
| Fixed Assets—at cost—Note B: | | | |
| Land and buildings | $16,171,894.59 | | |
| Less: Reserves for depreciation | 2,823,581.59 | 13,348,313.00 | |
| Machinery, furniture, fixtures and equipment | 5,580,383.82 | | |
| Less: Reserves for depreciation | 2,385,938.28 | 3,194,445.54 | |
| Alterations, improvements and leaseholds | 6,320,586.09 | | |
| Less: Reserves for amortization | 2,077,116.39 | 4,243,469.70 | 20,786,228.24 |
| Deferred Charges: | | | |
| Prepaid rent and advances to landlords on improvements to leased properties | | 1,349,391.61 | |
| Unexpired insurance and other prepaid expenses | | 670,120.89 | 2,019,512.50 |
| | | | $67,356,328.67 |

The Notes to Financial Statements are an integral part of t

Exhibit A

## D WHOLLY-OWNED SUBSIDIARIES
### AS AT DECEMBER 31, 1953

### LIABILITIES

| | Shares | | | |
|---|---|---|---|---|
| Current Liabilities: | | | | |
| Accounts payable | | | | $1,839,279.41 |
| Deposits, due to customers, etc. | | | | 724,142.95 |
| Accrued expenses and reserves for taxes other than Federal taxes on income—Note C | | | | 3,606,992.01 |
| Reserve for Federal taxes on income—Note C | | | | 3,258,297.27 |
| Mortgages and mortgage bonds payable—current installments—Note B | | | | 378,686.87 |
| Total Current Liabilities | | | | 9,807,398.51 |
| Mortgages and Mortgage Bonds Payable by Subsidiaries—Note B | | | $11,761,297.46 | |
| Less: Current installments shown above | | | 378,686.87 | 11,382,610.59 |
| Capital Stock and Surplus: | | | | |
| Preferred Stock—par value $100.00 per share: | | | | |
| Authorized to be issued in series as designated by the Board of Directors | 100,000 | | | |
| Retired and cancelled | 60,000 | | | |
| Authorized but not designated | 40,000 | | | |
| Common Stock—par value $1.00 per share: | | | | |
| Authorized | 2,500,000 | | | |
| Issued and outstanding | 1,688,383 | | 1,688,383.00 | |
| Capital Surplus (no change during the year) | | $11,596,135.77 | | |
| Earned Surplus—Exhibit B | | 32,881,800.80 | 44,477,936.57 | 46,166,319.57 |
| | | | | $67,356,328.67 |

his statement and should be read in conjunction herewith.

# BOND STORES, INCORPORATED
## AND WHOLLY-OWNED SUBSIDIARIES

### CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1953

| | | |
|---|---|---|
| Sales | | $86,197,349.36 |
| Cost of goods sold and stores and general and administrative expenses, exclusive of depreciation and amortization—Note D | | 79,103,743.77 |
| | | 7,093,605.59 |
| Add: | | |
| Income from owned real estate before depreciation—Note E | $243,163.43 | |
| Refunds received of Federal excess profits taxes under Section 722 of the Internal Revenue Code, including interest thereon of $167,050.38 and net of expenses—Note C | 622,691.90 | |
| Other income | 183,480.70 | 1,049,336.03 |
| | | 8,142,941.62 |
| Deduct: | | |
| Depreciation and amortization | 1,254,866.52 | |
| Provision for state taxes—prior years—Note C | 500,000.00 | |
| Other deductions | 71,694.36 | 1,826,560.88 |
| Net income before Federal taxes on income | | 6,316,380.74 |
| Provision for Federal taxes on income—Note C | | 3,224,000.00 |
| Net income | | 3,092,380.74 |
| Earned Surplus as at December 31, 1952 | | 31,477,803.06 |
| | | 34,570,183.80 |
| Dividends on Common Stock | | 1,688,383.00 |
| Earned Surplus as at December 31, 1953—Exhibit A | | $32,881,800.80 |

The Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

# BOND STORES, INCORPORATED

## AND WHOLLY-OWNED SUBSIDIARIES

### *NOTES TO FINANCIAL STATEMENTS*

AS AT DECEMBER 31, 1953

NOTE A: Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method as to furnishings and invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.

NOTE B: Land in the amount of $5,790,328.77 and buildings in the amount of $10,381,565.82, totaling $16,171,894.59, consist principally of property located at 45th Street and Broadway, New York City, owned by Adda, Inc., a wholly-owned subsidiary; properties in Rochester, New York, including the factories owned by Style Manor, Inc., a wholly-owned subsidiary; property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary; property located in Syracuse, New York, owned by Syrabond Realty Corporation, a wholly-owned subsidiary; a factory in New Brunswick, New Jersey; and a shirt factory located in Meridian, Mississippi, owned by Burnley Shirt Corporation, a wholly-owned subsidiary.

The property owned by Adda, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of $2,936,273.57, payable in quarterly installments to December 13, 1959. The property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of $3,034,000.00, payable in quarterly installments to December 17, 1967. The factories located in Rochester, New York, owned by Style Manor, Inc., a wholly-owned subsidiary, are subject to a first mortgage in the amount of $5,612,000.00, payable in quarterly installments to December 15, 1968. The property located in Syracuse, New York, owned by Syrabond Realty Corporation, a wholly-owned subsidiary, is subject to a first mortgage in the amount of $179,023.89, payable in monthly installments to July 1, 1964. At each of the said dates the unamortized balance of the respective mortgages becomes due and payable. The Corporation is not liable under any of such mortgages, being in each case a lessee of the property, or a substantial part thereof, under long term leases; such leases are assigned as security under the mortgages, respectively.

NOTE C: The Federal income and excess profits tax returns of the Corporation have been examined up to and including the year ended December 31, 1950 and all assessments have been paid or provided for.

Of the Corporation's claims for refund of excess profits taxes for the years 1940 to 1945, inclusive, filed under Section 722 of the Internal Revenue Code, refunds for the years 1940, 1941 and 1942 were received in the prior year. Refunds of $530,641.52 were received in 1953 for the years 1943, 1944 and 1945 and are shown in the accompanying statement of income and earned surplus.

Claims for additional state taxes for prior years have been asserted which have not been resolved. Based on opinion of counsel in respect of this matter, the Corporation has added $500,000.00 to reserves for taxes by a charge to the current year's income.

The accompanying financial statements are subject to final determination of Federal, state and local taxes.

NOTE D: Concurrent with the execution on November 10, 1953 of the Employees' Profit Sharing and Retirement Fund Trust Agreement effective on January 1, 1953, the Board of Directors terminated the plan under which stock options were authorized to be granted to officers, executives and key employees of the Corporation and its subsidiaries. No options were ever granted under this authorization.

The Employees' Profit Sharing and Retirement Fund Trust Agreement provides, among other things, for (1) voluntary contributions by eligible employees, (2) contributions by the Corporation and its wholly-owned subsidiaries, out of net earnings for the year as defined in the agreement, of 20% of the participating employees' contributions, (3) additional contributions by the Corporation and its wholly-owned subsidiaries computed at various percentages of net earnings for the year as defined in the agreement after deducting therefrom $4,000,000.00 plus $1.00 per share for any additional shares which the Corporation may issue after December 31, 1952 excluding additional shares resulting from stock dividends or split-up of stock and (4) the right of the Corporation to discontinue contributions to the plan.

The contributions of the Corporation and its wholly-owned subsidiaries for the year 1953 amount to $191,194.44.

NOTE E: This item includes intercompany rental on property partly occupied by the parent company.

GENERAL: As at December 31, 1953, the aggregate minimum annual rental upon real property leases, other than intercompany leases, expiring after December 31, 1956 amounted to approximately $2,037,000.00. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

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## ACCOUNTANTS' REPORT

*To the Board of Directors,*
BOND STORES, INCORPORATED, New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated and wholly-owned subsidiaries as at December 31, 1953 and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated and wholly-owned subsidiaries at December 31, 1953, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

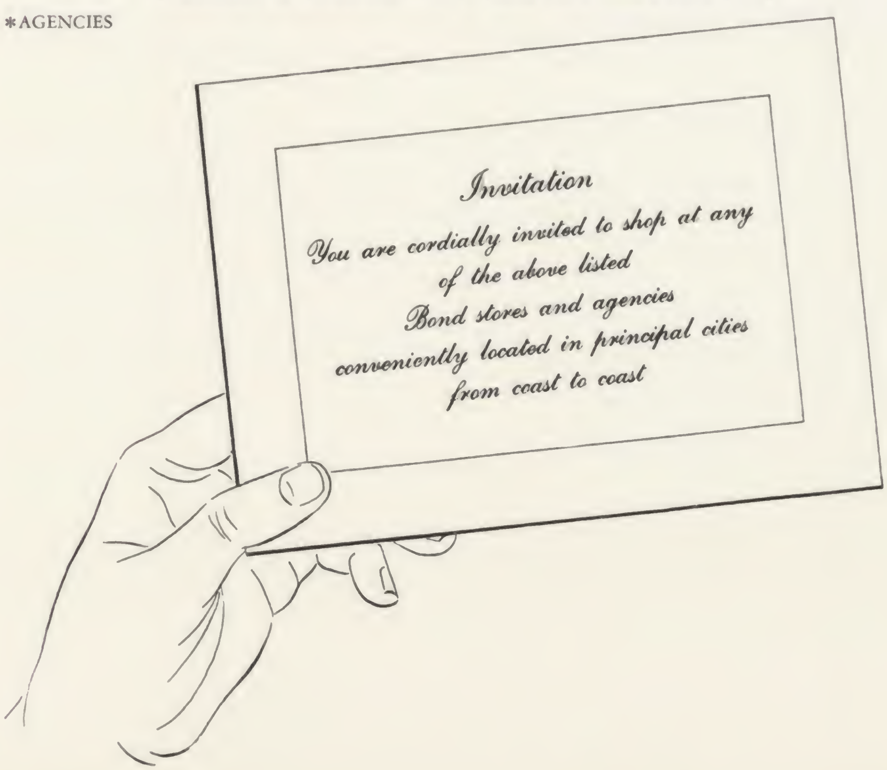
New York, N. Y.
March 22, 1954

## BOND STORES AND AGENCIES ARE LOCATED IN THE FOLLOWING CITIES

AKRON, OHIO
ALBANY, N. Y.
ALTON, ILL.
*ASBURY PARK, N. J.
BALTIMORE, MD.
BIRMINGHAM, ALA.
BOSTON, MASS.
*BROWNWOOD, TEXAS
BUFFALO, N. Y.
*BURLINGTON, VT.
*BUTLER, PA.
CHICAGO, ILL.
(8 stores)
CINCINNATI, OHIO
CLAYTON, MO.
CLEVELAND, OHIO
COLUMBUS, OHIO
*CORPUS CHRISTI, TEXAS
DALLAS, TEXAS
DAYTON, OHIO
DES MOINES, IOWA
DETROIT, MICH.
(2 stores)
*EASTON, PA
*ELMIRA, N. Y.
FALL RIVER, MASS
*FARGO, N. D.
FLINT, MICH.
FORT WORTH, TEXAS
FRESNO, CALIF.
*GALVESTON, TEXAS
GERMANTOWN, PA.
GLENDALE, CALIF.
*GLOVERSVILLE, N. Y.
HARTFORD, CONN.
*HASTINGS, NEB.
*HAZLETON, PA.
HOLLYWOOD, CALIF.
HOUSTON, TEXAS
HUNTINGTON PARK, CALIF.
*JACKSONVILLE, FLA.
JERSEY CITY, N. J.
KANKAKEE, ILL.
KANSAS CITY, MO.
LAKEWOOD CENTER, CALIF.
LINCOLN, NEB.
LORAIN, OHIO
LOS ANGELES, CALIF.
(3 stores)
LOUISVILLE, KY.
*LYNCHBURG, VA.
*MANCHESTER, N. H.
MEMPHIS, TENN.
MILWAUKEE, WISC.
MUSKEGON, MICH.
NEWARK, N. J.
NEW BRUNSWICK, N. J.
NEW HAVEN, CONN.
NEW YORK, N. Y.
(8 stores)
OAKLAND, CALIF.
OKLAHOMA CITY, OKLA.
OMAHA, NEB.
*PARKERSBURG, W. VA.
PATERSON, N. J.
PHILADELPHIA, PA.
PITTSBURGH, PA.
*PITTSFIELD, MASS.
PROVIDENCE, R. I.
READING, PA.
*RED BANK, N. J.
ROCHESTER, N. Y.
(2 stores)
*SALEM, OHIO
SAN FRANCISCO, CALIF.
SAN JOSE, CALIF.
SAVANNAH, GA.
SCHENECTADY, N. Y.
SCRANTON, PA.
SPRINGFIELD, ILL.
SPRINGFIELD, MASS.
ST. LOUIS, MO.
SYRACUSE, N. Y.
TOLEDO, OHIO
*TORRINGTON, CONN.
TRENTON, N. J.
*UPPER DARBY, PA.
WASHINGTON, D. C.
*WICHITA FALLS, TEXAS
WILKES-BARRE, PA.
YOUNGSTOWN, OHIO

*Factories in Rochester, N. Y. and New Brunswick, N. J.*

*AGENCIES



BOND CLOTHES

WORN BY MORE MEN AND WOMEN

THAN ANY OTHER CLOTHES

IN AMERICA